

26th Annual Report
**STATE BOARD OF HAIL
INSURANCE**

To Montana Grain Growers



1942 BUSINESS SUMMARY

Total risk written	\$2,492,670
Premium charge	\$ 197,984
Losses paid	\$ 178,911
Policies issued	2,149
Loss claims filed	533
Total acres insured	322,032
Average insurance per acre	\$7.74
Average acres insured per policy	150
Number of days with hail	55
Acres reported damaged	70,996
Loss ratio	7%
Average cost per \$1000 of protection	\$79.43
Average cost of insurance	8%
Operating expense ratio	7%

**PAYMENTS ON STATE HAIL INSURANCE
LOSSES MAY BE ASSIGNED BUT ARE NOT
SUBJECT TO GARNISHEE OR ATTACHMENT.**

The operation of the State hail insurance fund has brought much lower cost hail insurance to the grain growers in most of the counties in Montana east of the mountains and in all counties of the state for such crops as beans, peas and mustard.

Grain growers will be assured of the continuance of these lower rates by asking for State hail insurance.

See pages 6 and 7 for full information on how to obtain State hail insurance.

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Honorable S. C. Ford
Governor of Montana.

Dear Governor:

I am herewith handing you a report of the 1942 operations of the Montana State hail insurance fund together with information on former years.

The number of policies and losses ran well above the average of recent years. The total risk written was \$2,492,546. The premium charge for the insurance was \$197,984 and losses paid were \$178,911.

Policies were issued in 42 counties mostly east of the Continental Divide where damage by hail consistently runs higher than in the west part of the state. Losses were sustained in 37 counties.

The total number of losses for the season was 533 from hail storms on 55 separate days. The number of losses is twice the average from 1925 to 1942 inclusive. Also the number of days with hail is nearly twice the average.

The most severe losses were sustained in the following counties where the losses exceeded the premiums:

County	Premiums	Losses	Loss Ratio
Fallon	\$ 9,287	\$ 9,818	8%
Golden Valley	3,175	3,820	12
Hill	11,270	21,305	13
Musselshell	4,174	7,535	18
Sheridan	11,043	21,997	16
Teton	2,077	4,912	18
Wibaux	11,606	37,117	26
Yellowstone	1,611	2,401	15

The large number of losses filed from so many counties on so many separate days caused the adjusting expenses to run high. We experienced much difficulty in obtaining experienced farmer adjusters to take care of the losses. Some of our former adjusters were not able to work due to labor shortage on their farms.

We feel fortunate in finishing the season with very few disagreements between the adjusters and the farmers. Most of the disagreements as usual occurred in fields where evidence of damage by hail was hard to find. A few of these were where damage was claimed by hail in Thatcher Wheat where the heads were badly kinked. This is a trait which is rather general in this variety of wheat and occurs in most of the fields regardless of whether or not hail has fallen.

1942 was another year when the general use of combines in harvesting grain contributed to a higher loss ratio than would have occurred if headers and binders had been used. In July hail losses were filed on 13 days after the 10th. Also

losses were filed on 17 days in August and for 7 days in September. In many of the fields the grain was over-ripe. If harvesting had been done with binders and headers much of the insured grain would have suffered no loss. It is getting more evident each year that combines add materially to the losses sustained and that their continued use will penalize the farmers with higher average losses and higher premium rates.

Regarding collections on delinquent accounts. 98% of the premiums for 1941 have now been collected and 99% for 1940. This is the result of better crops and prices connected with more pressure by the county treasurers and our office on the slow accounts. The better conditions for the farmers has also put more of them in condition to pay older accounts. Since December 1, 1941, nearly \$20,000 has been paid on the old accounts. We are continuing our efforts to contact the old delinquents and hope to collect from many of them during 1943.

The 1942 income and disbursements will come out about even. However, with the large amount of payments on old delinquent accounts we will start the 1943 hail season with about \$70,000. This increases the cash on hand by about \$15,000 above that on hand at the start of the 1942 season.

Nearly all of the county officers cooperated fully and efficiently with the department in issuing policies for, and collecting premiums from, the grain growers who desired hail insurance.

Full details on the 1942 operations are given on the attached papers. Also information on former years. If further information is desired on any phase of hail insurance not mentioned I will be pleased to have your inquiry.

Respectfully submitted,

E. K. BOWMAN, Chairman

STATE BOARD OF HAIL INSURANCE


Cash Payment for Hail Insurance

Grain growers who pay cash for 1943 hail insurance will be allowed a 4% discount for cash payment.

Grain growers who secure loans from PCA, FSA or any other lending agency to finance 1943 production should be sure to apply for enough funds to include payment for hail insurance.

Growers who have paid cash for their hail insurance will receive refunds at the end of the season if the State hail fund rates should be reduced for the year.

Hail continues to be one of the major hazards to growing grain. All grain growers shou'd secure a reasonable amount of hail insurance and pay for it with cash if possible.



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DETAIL STATEMENT—RISK, LEVY, LOSSES, LOSS RATIO

County	1942 Risk Written	1942 Levy	1942 Loss	1942 Loss Ratio	24-Year Average Loss Ratio	Average Cost 24 Years
Big Horn	\$ 252,773.20	\$ 21,362.22	\$ 9,085.44	4%	9%	9%
Blaine	36,342.50	2,904.09	1,547.18	4	4	7
Broadwater	33,245.00	2,275.96	405.00	1	3	7
Carbon	8,105.00	563.92	.....	0	3	8
Carter	3,340.00	259.20	286.10	6	4	7
Cascade	104,620.25	7,285.67	1,746.45	2	4	8
Chouteau	158,586.00	11,076.18	9,877.11	6	5	7
Custer	12,979.00	1,140.40	946.17	7	8	8
Daniels	203,086.00	16,151.07	12,179.03	6	6	8
Dawson	135,267.62	10,946.56	3,512.06	3	8	8
Fallon	116,594.71	9,286.70	9,818.48	8	5	8
Fergus	27,212.00	2,427.61	1,520.57	6	8	9
Gallatin	17,433.00	1,447.27	602.12	3	8	8
Garfield	26,357.50	2,365.95	545.50	2	8	8
Glacier	58,215.50	4,304.10	775.20	1	3	8
Golden Valley	31,787.50	3,174.66	3,819.61	12	13	10
Hill	160,983.00	11,270.07	21,305.00	13	5	7
Judith Basin	24,520.93	1,968.84	1,348.80	6	5	9
Lewis and Clark	4,690.00	328.30	.....	0	4	8
Liberty	85,490.00	6,176.31	6,437.61	8	3	7
Madison	943.70	66.06	.....	0	4	7
McCone	54,863.00	4,332.96	250.20	0	5	7
Meagher	1,270.00	127.00	.....	0	12	9
Musselshell	41,761.50	4,174.15	7,534.73	18	15	9
Petroleum	20,311.00	1,823.49	95.75	0	8	8
Phillips	38,980.00	3,142.66	1,619.50	4	4	8
Pondera	101,680.99	7,756.77	4,943.41	5	8	8
Powder River	22,775.00	2,043.00	1,178.75	5	7	8
Prairie	89,005.50	7,106.44	1,154.20	1	7	7
Ravalli	1,210.00	95.20	.....	0	9	7
Richland	109,207.34	8,695.04	1,465.15	1	5	8
Roosevelt	9,638.00	762.40	280.20	3	4	7
Rosebud	1,850.00	189.78	480.00	26	6	9
Sheridan	138,438.00	11,042.57	21,997.30	16	5	8
Stillwater	4,203.00	406.86	1,054.80	25	11	10
Teton	27,050.00	2,077.56	4,912.20	18	3	7
Toole	87,586.50	7,123.96	1,611.87	2	5	8
Treasure	30,408.50	2,921.25	1,735.55	6	11	9
Valley	34,969.00	2,789.97	2,707.66	8	4	8
Wheatland	13,559.00	1,375.10	615.25	5	10	10
Wibaux	145,382.20	11,605.80	37,116.66	26	11	8
Yellowstone	15,950.00	1,610.99	2,400.73	15	9	9
	\$2,492,670.94	\$197,984.09	\$178,911.34	7%	6%	8%

24 YEAR SUMMARY

1919 to 1942 inc.

Total risk written	\$33,254,019
Premium charge	\$ 2,637,424
Losses paid	\$ 2,125,847
Policies issued	31,401
Total acres insured	4,152,527
Average acreage per policy	132
Average risk per acre	\$8
Loss ratio	6.4%
Average cost per \$1000 of protection	\$79.35
Number losses adjusted	7,059
Operating expense ratio	11%

ADMINISTRATION ACCOUNT FOR 1942

January 1 to December 31 inc.

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	\$ 5,613.47
2. General office expense (printing, station- ery, supplies, postage, telephone, telegraph, equipment, insurance, employees bonds)....	\$ 1,377.67
3. Hail adjusters' per diem and expenses	\$ 5,734.27
4. Advertising	\$ 183.55
5. Office rent	\$ 300.00
6. Collection expense	\$ 210.45
7. Car maintenance	\$ 76.77
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	\$13,496.18

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN

WHICH THE GRAIN TO BE INSURED

IS GROWING

Directions for Land Owners. Owners of land not mortgaged and with taxes not delinquent more than one year may obtain hail insurance by merely filling out an application and filing it with the assessor. He has instructions to receive all such applications and to make the charge for them against the land only. The crop lien provision in the application is not to be used and the application is not to be filed with the county clerk and recorder.

Directions for Owners of Mortgaged Land or Land with Not More Than One Year's Delinquent Taxes. If the land taxes are not delinquent more than one year, or if the land is not under foreclosure, the applicant is not required to furnish waivers for crop mortgages of record when hail insurance is issued. However, the application for hail insurance contains a crop lien and is to be filed with the county clerk. Hail insurance cannot be charged to land held under contract and contract owners must insure under the provisions for tenants.

Directions for Owners of Land With More Than One Year of Delinquent Tax. These land owners must insure on the basis of tenants as shown in the following paragraph. Their hail insurance will be placed on the personal rolls and will not be assessed to the real estate.

Directions for Tenants. Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for seed. The crop lien is made a part of the application. If there is a crop mortgage of record before Feb. 9, 1943, a waiver of such mortgage must be obtained and filed with the application. However, if the mortgage of record bears a filing date later than Feb. 9, the waiver need not be obtained and filed. Also the hail insurance of tenants may be charged to the land of the owner if he signs the owners consent form at the bottom of the application, and if the land is found eligible to have the hail insurance charged to it.

Any applicant who owes for delinquent hail insurance insured on the crop lien basis will not be granted hail insurance unless he pays all the delinquent accounts, or unless he pays cash for the current hail insurance.

4% Discount for Cash Payment for Hail Insurance. When any grain grower pays cash for his hail insurance he will be charged the regular maximum charge for his county, less 4%. If a reduction is made later in the rate for the year he will be refunded the proper amount from the state office at Helena. These applications will not be filed with the County Clerk and Recorder after approval by the assessor.

Waivers May Delay Hail Insurance. Grain growers should start early to secure waivers when they know they will be required before hail insurance may be obtained. Failure to do so may result in serious loss by hail during the time the waiver is sought. If any grower has an agreement with the mortgagee to carry hail insurance he should arrange a definite agreement on how the proceeds of any hail loss may be divided. And the manner of dividing any loss which may occur should be definitely shown on the policy in the space provided for this purpose.

When to Insure. Experience shows that grain crops should not be insured until they start stemming or reach the height of about 6 inches, and then growing conditions should be favorable. The same care should be taken when insuring special crops. Hail insurance is needed now as badly as in any former year but care should be taken to use it more as a matter of protection than speculation.

How Much Hail Insurance Per Acre. For 1943 farmers may insure any grain except barley and rye for not more than \$10 an acre. Barley and rye will be limited to not more than \$8 an acre. Present prices of grain warrant carrying the maximum amounts shown where the grain is planted on well tilled summer fallow, and where the growing conditions are favorable and the crop is approaching the boot stage. If the crop is stubbled in, or is planted on inferior soil, the amounts per acre should be reduced. In the case of special crops like beans and peas planted on good soil, with safe water rights, present prices warrant carrying the limits set for these crops. In the case of mustard we do not believe the price outlook warrants carrying the maximum of \$10 per acre unless the crop is well advanced and the growing conditions are quite favorable.

Hail Insurance on Special Crops. Not more than the amount shown after each of the following crops may be carried on each acre for 1943:

Irrigated: beans, peas, sugar beets, corn, potatoes	\$20
Non-irrigated: mustard, beans and peas	\$10
Irrigated or non-irrigated: alfalfa seed	\$12
Non-irrigated corn	\$12

Regarding Hail Insurance on Mustard, or Dry Land Beans and Peas. Any farmer desiring to carry hail insurance on these crops must apply for an equal amount of hail insurance on wheat. If the applicant does not have an equal amount of wheat to insure he may fill the requirement by substituting other grain. The insurance on the grain must be included in the same application with the mustard, beans or peas.

REDUCED RATES IN CASE OF CROP FAILURE.

When any insured crop is badly damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraphs 17 and 18 on the application and policy. If any insured crop is badly damaged or destroyed by other means than hail after the dates provided in sections 17 and 18 of the stipulations and agreements on the policy, the insured may apply to the State Board of Hail Insurance at Helena for a reduction of his charge to not less than one-half the regular rate for the season. When the insured has furnished the required information on such damage or destruction, the board may reduce the charge to not less than one-half the regular rate for the season.

Adjustment of Losses. When any grower is sure his insured grain has suffered loss by hail exceeding 5% he should promptly report his loss to the state office at Helena. An experienced adjuster will examine the grain within about a week. The adjusters are farmers who understand the effect of hail on grain and will give each claim very careful consideration. Haste in reporting losses at harvest time is urged.

Payment of Losses. The hail insurance law provides that within 40 days of the occurrence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall then be sent the insured. The final payment will be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments mostly in September or in October.

Montana State Hail Insurance is a Mutual Fund. All of the money paid into it by the grain growers is used for the payment of hail losses and operating expenses. Other systems of handling hail insurance usually return about 60 % of the money to the farmers in the form of loss payments. During the last 24 years close to 89 % of all money paid into the State Fund has been used for the purpose of payment on hail losses. All losses have been fully paid for the last 24 years.

PROMPT PAYMENT OF 1943 LOSSES IS ASSURED

by the cash on hand, collections on current 1943 policies and from delinquent accounts. Cash on hand at the beginning of the 1943 season is about \$70,000.

MEMBERS OF STATE BOARD OF HAIL INSURANCE

E. K. Bowman, Chairman, Helena
P. J. Anderson, member, Conrad
B. J. Anderson, member, Fairview
Thos. E. Carey, member, State Treasurer
Albert H. Kruse, Secretary,
Commissioner of Agriculture.

It is the duty of county assessors to furnish grain growers with full information regarding State hail insurance. This folder is issued for the purpose of assisting them in furnishing it.

HAIL INSURANCE IS A NECESSARY COST OF RAISING GRAIN

As soon as your 1943 crops are insurable we hope you will make application for insurance through your county assessor. There is always a chance that hail may destroy your crops and you can eliminate your worry by carrying hail insurance.

Issued by
STATE BOARD OF HAIL INSURANCE
Helena, Montana

